Advanced Molecular Diagnostic Systems

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Wednesday 31 January 2018

ASX Announcement – GENERA BIOSYSTEMS LIMITED (ASX: GBI)
QUARTERLY CASH FLOW & BUSINESS UPDATE

Genera Biosystems Limited (‘**Genera’**) is pleased to provide an update to accompany the attached Appendix 4C Quarterly Cash Flow report for the period ended 31 December 2017.

The Company held cash at 31 December of $1,009K representing a net increase of $959K during the quarter. Operating cash outflow for the quarter was $32K and FY2018 half year operating cash outflow totaled $181K. During the quarter the Company received a net R&D tax incentive rebate for FY2017 of $422K. Cash reserves were additionally strengthened by the exercise of Director Options during the quarter resulting in a net cash inflow of $1,027K.

Cash receipts from customers for the quarter amounted to $271K and while down 37.7% on the peak flu season September quarter they were up 46.5% on the prior corresponding period. Order levels from the major customer for its respiratory panel test continue to remain significantly above volumes at this time last year.

The Company anticipates cash receipts for the calendar 2018 to demonstrate strong growth versus the 12 months to 31 December 2017, assisted by the introduction of a Research Use Only version of its 8-plex Sexually Transmitted Infections (STI) panel and the re-launch of its PapType® HPV test, initially targeting reflex testing.

Genera sees considerable revenue growth opportunities going in calendar 2018 and beyond due to the 1st December 2017 introduction of HPV testing as the primary screening test for the Australian National Cervical Cancer Screening Program. Alongside the materially increased HPV testing revenue opportunities and further AmpaSand® test menu expansion, the Board believes the introduction of a new automated instrumentation system will transform the customer appeal of AmpaSand® based tests.

PapType® Clinical Data

During the quarter Genera has developed an updated version of its QPlots™ analytical software. This was used to reanalyse the raw data generated in a large study designed to demonstrate whether PapType® could be fit for purpose as a screening test utilising the Beckman Coulter CytoFLEX™ system. The study involved in excess of 6,500 clinical patient specimens collected in a screening based population and compared the performance of PapType® against all other commercially available assays from global IVD companies.

The main strength of the study was a head-to-head comparison of seven commercially available HPV tests in a screening population, conducted by an independent global key opinion leader in cervical cancer screening, in which all women were evaluated by all tests on a like for like basis. No other such comparison exists in any other clinical study done to date.

Tests from major global IVD companies included in the study were: Roche - Cobas®, Abbott - Real-time®, Hologic - Aptima®, Becton Dickinson - Onclarity® and Qiagen - Hybrid Capture® 2.

It is notable that, of the HPV tests evaluated in the study only four deliver some form of simultaneous genotyping of High Risk HPV types 16 & 18 and PapType® was the only test able to simultaneously genotype all 14 carcinogenic HPV sub-types.

The data set has recently been delivered to a global KOL in cervical cancer screening for analysis and Genera expects to receive confirmation of analysis during February. The Company will respect the rights of the international KOL to publish the data under peer review prior to general public release. In the interim, prior to publication and under confidentiality, Genera will be able to share this data with current and future commercial partners.

Subject to 'Meijer compliant' clinical performance thresholds being met, the Company plans to use this additional data as part of a compliance package to demonstrate that PapType® is fit for purpose for laboratories undertaking testing under the recently implemented Australian National Cervical Cancer Screening Program.

Global IVD Partnership

Following an exhaustive partnering process, in early December the Board was delighted to announce that Genera would enter into a co-marketing partnership with Beckman Coulter Life Sciences, a leader in the fields of automation and flow cytometry **(see Genera ASX announcement of 6 December for further detail of this partnership).**

At the time of this announcement the commercial framework of the partnership had been agreed but, due to the range of local regulatory regimes that would apply to this multi-national agreement, detail of the partnership's operation at a local level in certain jurisdictions required further consideration from the regulatory compliance and legal teams at Beckman Coulter.

This process is now nearing completion and Genera expects to formally execute the agreement during the week commencing 5 February.

Current Capital Raising

Genera has continued to work closely with its engaged US-based boutique investment bank on its proposed US$8.0m capital raising program. The Company intends to progress this significant funding tranche after the Beckman Coulter partnership has been formally executed.

Holders of all Series B Convertible Notes on issue again agreed unanimously to further extend the term of the Notes by 3 months to 31 March 2018. Richard Hannebery, Genera Chief Executive Officer commented, "We again appreciate the collegiate support of our Noteholders in supporting the current execution plan to deliver an optimal outcome for all stakeholders."

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About Genera Biosystems : Genera Biosystems Limited ("GBI") is an Australian Securities Exchange listed molecular diagnostics company, which develops, manufactures and distributes advanced PCR molecular diagnostics tests. Genera has successfully developed two products to date, PapType® and RTI-Plex™, both of which are CE-IVD marked with several additional products in the company's development pipeline.

Genera's single-well high multiplex AmpaSand® testing platform can detect up to 125 target analytes in a single-well of a reaction plate. Unlike traditional real-time PCR approaches, AmpaSand® single-well multiplex tests when run on a seamlessly integrated flow cytometry and liquid handling system can provide unparalleled throughput capability and cost efficiency for high volume pathology laboratories qualitative molecular testing needs.

Genera manufactures products in its Australian Therapeutics Goods Administration certified manufacturing facility in Scoresby, Victoria, Australia.

+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity	
Genera Biosystems Limited	
ABN	**Quarter ended ("current quarter")**
69 098 663 837	31 December 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	271	707
1.2	Payments for		
	(a) research and development	(187)	(381)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(273)	(511)
	(f) administration and corporate costs	(265)	(419)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives (R&D)	422	422
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(32)**	**(182)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(2)	(21)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
	(d) intellectual property	(94)	(152)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(96)**	**(173)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	1,027	1,027
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	139	196
3.6	Repayment of borrowings	(79)	(79)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**1,087**	**1,144**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	50	220
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(32)	(182)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(96)	(173)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,087	1,144

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of quarter**	**1,009**	**1,009**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	1,009	50
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,009**	**50**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	106
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Salary, superannuation and directors fees related to directors.

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	1,465	1,465
8.2	Credit standby arrangements	-	-
8.3	Other (Convertible Note)	3,000	3,000

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Loan facilities include Convertible Notes and Mezzanine Loan.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Research and development	150
9.2	Product manufacturing and operating costs	25
9.3	Advertising and marketing	-
9.4	Leased assets	25
9.5	Staff costs	300
9.6	Administration and corporate costs	150
9.7	Other (Redemption of Series B Notes)	3,000
9.8	**Total estimated cash outflows**	**3,650**

10.	**Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)**	**Acquisitions**	**Disposals**
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 January 2018
(Non-Executive Chairman)

Print name: Lou Panaccio

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.